

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2009-1-E

May 28, 2009

IN RE:)	
)	
Carolina Power & Light Company, d/b/a)	SETTLEMENT AGREEMENT
Progress Energy Carolinas, Inc.)	
Annual Review of Base Rates for Fuel Costs))	
_____)	

This Settlement Agreement is made by and among the South Carolina Office of Regulatory Staff (“ORS”), Nucor Steel – South Carolina (“Nucor”), and Carolina Power & Light Company, d/b/a Progress Energy Carolinas, Inc., (“PEC”) (collectively referred to as the “Parties” or sometimes individually as a “Party”).

WHEREAS, the above-captioned proceeding has been established by the Public Service Commission of South Carolina (“Commission”) pursuant to the procedure established in S.C. Code Ann. §58-27-865 (Supp. 2008), and the Parties to this Settlement Agreement are parties of record in the above-captioned docket. There are no other parties of record in the above-captioned proceeding;

WHEREAS, the Parties have varying legal positions regarding the issues in this case;

WHEREAS, the Parties have engaged in discussions to determine if a settlement would be in their best interest;

WHEREAS, following these discussions the Parties have each determined that their interest and the public interest would be best served by settling matters in the above-captioned case under the terms and conditions set forth below:

1. The Parties agree to stipulate into the record before the Commission the direct and settlement testimony and exhibits of the following witnesses without objection, change, amendment or cross-examination.

A. PEC witnesses:

- (1) Bruce P. Barkley
- (2) Dewey S. Roberts II

B. ORS witnesses:

- (1) Robert A. Lawyer
- (2) Leigh C. Ford

The Parties further agree to work collaboratively to submit testimony in support of this Settlement Agreement as set forth by the Commission's settlement procedures.

2. As a compromise, all Parties adopt, accept, and acknowledge as the agreement of the Parties that:

- A. PEC's cumulative (under)-recovered fuel cost balance for the period ending June 2009 is projected to be (\$5,434,538).
- B. The appropriate fuel factors for PEC to charge for the period beginning with the first billing cycle in July 2009 extending through the last billing cycle of June 2010 are listed below. These fuel factors include environmental costs and the (under)-recovered fuel costs.

Class	Base Fuel Cost Component (cents/kWh)	Environmental Fuel Cost Component (cents/kWh)	Total Fuel Costs Factor (cents/kWh)	Increase for RECD
Residential	3.002	0.032	3.034	3.059 ¹
General Service (non-demand)	3.002	0.028	3.030	3.030
General Service (demand)	3.002	0.000 ²	3.002	3.002
Lighting	3.002	0.000	3.002	3.002

¹ RECD factor is .83%

² The environmental rate for these customers is 10 cents per kW.

3. The Parties agree this Settlement Agreement is reasonable, in the public interest, and in accordance with law and regulatory policy.

4. Further, ORS is charged with the duty to represent the public interest of South Carolina pursuant to S.C. Code §58-4-10(B) (Supp. 2008). S.C. Code §58-4-10(B)(1) through (3) reads in part as follows:

“...‘public interest’ means a balancing of the following:

- (1) Concerns of the using and consuming public with respect to public utility services, regardless of the class of customer;
- (2) Economic development and job attraction and retention in South Carolina; and
- (3) Preservation of the financial integrity of the State’s public utilities and continued investment in and maintenance of utility facilities so as to provide reliable and high quality utility services.”

5. The Parties agree to cooperate in good faith with one another in recommending to the Commission that this Settlement Agreement be accepted and approved by the Commission as a fair, reasonable and full resolution in the above-captioned proceeding. The Parties agree to use reasonable efforts to defend and support any Commission order issued approving this Settlement Agreement and the terms and conditions contained herein.

6. This written Settlement Agreement contains the complete agreement of the Parties. There are no other terms or conditions to which the Parties have agreed. This Settlement Agreement integrates all discussions among the Parties into the terms of this written document. The Parties agree that this Settlement Agreement will not constrain, inhibit or impair their arguments or positions held in future proceedings, nor will the Settlement Agreement or any of the matters agreed to in it be used as evidence or precedent in any future proceeding. If the Commission should decline to approve the Settlement Agreement in its entirety, then any Party desiring to do so may withdraw from the Settlement Agreement without penalty, by providing written notice of intent to do so within five (5) working days of notice of the

Commission's decision not to approve the Settlement Agreement in its entirety. In the event any Party withdraws under such circumstances, then the Settlement Agreement is null and void and each Party shall have the opportunity to present evidence and advocate its position in the proceeding, and the Parties shall work together in good faith to develop and propose a new procedural schedule to put the Parties back in the position they were prior to the settlement.

7. This Settlement Agreement shall bind and inure to the benefit of each of the signatories hereto and their representatives, predecessors, successors, assigns, agents, shareholders, officers, directors (in their individual and representative capabilities), subsidiaries, affiliates, parent corporations, if any, joint ventures, heirs, executors, administrators, trustees, and attorneys.

8. This Settlement Agreement shall be interpreted according to South Carolina law.

9. This Settlement Agreement is and shall be deemed for all purposes to have been prepared for the benefit of and through the joint efforts of the Parties hereto and shall not be construed or interpreted against the Party originating or preparing it.

10. The above terms and conditions fully represent the agreement of the Parties hereto. Therefore, each Party acknowledges its consent and agreement to this Settlement Agreement by authorizing its counsel to affix his or her signature to this document where indicated below. Counsel's signature represents his or her representation that his or her client has authorized the execution of the agreement. Facsimile signatures and e-mail signatures shall be as effective as original signatures to bind any party. This document may be signed in counterparts, with the various signature pages combined with the body of the document constituting an original and provable copy of this Settlement Agreement.

11. Each numbered or lettered subsection or paragraph herein is for reference only and has no substantive meaning.

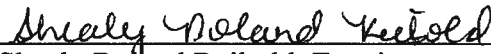
12. This Settlement Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one original and provable copy of this Settlement Agreement.

13. This Settlement Agreement fully represents the entire agreement of the Parties with respect to the matters addressed herein and supersedes all prior conversations, documents, and agreements (express or implied) in this Docket No. 2009-1-E. No terms or conditions of this Settlement Agreement may be modified or waived except by an instrument in writing duly signed by or on behalf of each of the Parties.

SIGNATURE PAGES FOLLOW

WE AGREE:

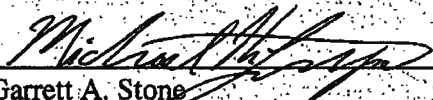
Representing and binding the South Carolina Office of Regulatory Staff



Shealy Boland Reibold, Esquire
South Carolina Office of Regulatory Staff
1401 Main Street, Suite 900
Columbia, SC 29201
Phone: (803) 737-0800
Fax: (803) 737-0895
Email: sreibol@regstaff.sc.gov

WE AGREE:

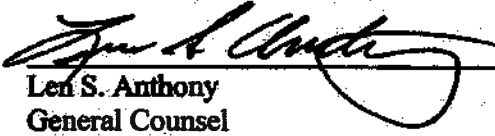
Representing and binding Nucor-Steel


Garrett A. Stone
Michael K. Lavanga
Brickfield, Burchette, Ritts & Stone, P.C.
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Thomas S. Mullikin
Robert R. Smith, II
Moore & Van Allen, PLLC
100 North Tryon Street, Ste. 4700
Charlotte, NC 28202

WE AGREE:

Representing and binding Carolina Power & Light Company, d/b/a Progress Energy Carolinas, Inc.

A handwritten signature in black ink, appearing to read "Len S. Anthony", is written over a horizontal line.

Len S. Anthony

General Counsel

P.O. Box 1551

Raleigh, NC 27602

Phone: (919)546-6367

Fax: (919)546-2694

Email: len.s.anthony@pgnmail.com

BEFORE
THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA
DOCKET NO. 2009-1-E

IN RE:

Annual Review of Base Rates for Fuel Costs of)	
Carolina Power and Light Company d/b/a)	CERTIFICATE OF
Progress Energy Carolinas, Incorporated)	SERVICE
)	

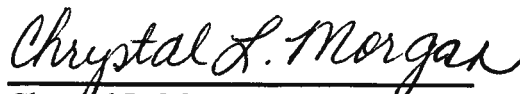
This is to certify that I, Chrystal L. Morgan, have this date served one (1) copy of the **JOINT MOTION AND SETTLEMENT AGREEMENT** in the above-referenced matter to the person(s) named below by causing said copy to be deposited in the United States Postal Service, first class postage prepaid and affixed thereto, and addressed as shown below:

Len S. Anthony, General Counsel - Regulatory Affairs
Carolina Power and Light Company d/b/a Progress Energy Carolinas, Incorporated
Legal Department - PEB 17A4
Post Office Box 1551
Raleigh, NC, 27602

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Washington, DC, 20007


Chrystal L. Morgan

May 28, 2009
Columbia, South Carolina